

INDIAN POPULAR CULTURE

Lecture31

History of OTT platforms

Hello everyone. Today we'll be discussing Module 7, focusing on the rise of OTT platforms. We'll cover the emergence of OTT platforms, their competition with existing Indian platforms, the advent of web series, and the cultural economy's role in establishing a fan base in India. Finally, we'll look at the implications and provide a brief analysis.

To begin, let's trace the rise of OTT platforms. India is one of the fastest-growing markets for digital technologies, thanks in part to the emergence of indigenous cellular network companies like Jio and Bharti Airtel. These companies have revolutionized mobile networks by providing access to high-speed internet and extensive data plans, which facilitate the streaming of various shows directly on our smartphones.

Technological advancements, which we covered earlier, have made it convenient to watch shows online through video-on-demand services. This brings us to the concept of over-the-top (OTT) platforms. OTT has transformed the media landscape, challenging traditional TV and TV series by offering new ways for audiences to consume content.

OTT platforms cater to different audiences compared to traditional media. They bypass traditional distributors such as cable networks, satellite television, and other platforms, acting instead as their own collectors, controllers, and distributors. This shift marks a significant change in how media is consumed, positioning OTT as a major gateway to content in the digital age.

With the rise of OTT platforms, television networks and multiple system operators are also becoming part of this new media landscape. One of the significant advantages of OTT is the direct interaction between content creators and audiences. This level of engagement was not possible with traditional media, where the interaction was more indirect.

OTT platforms have made content consumption more flexible by offering apps that can be used on various devices, including smartphones and computers. This flexibility allows viewers to watch content at their convenience, regardless of time and place.

The advent of OTT has also fostered a "membership mindset." This concept can be observed in two ways. Firstly, television networks used to cultivate a loyal viewership base for their prime-time shows. Similarly, OTT platforms encourage users to commit to their service through subscriptions. The shift to a subscription-based or pay-on-demand revenue model represents a significant change, especially in a country like India, which has traditionally been reluctant to spend on entertainment.

India's adoption of the subscription-based model reflects several factors. Renowned industry experts highlight that India is one of the fastest-growing and most competitive markets for online streaming and OTT platforms. This rapid growth can be attributed to a combination of favorable economic, technological, infrastructural, and demographic factors. Increased internet usage has been facilitated by these factors, leading to a surge in OTT consumption.

Affordable smartphones have played a crucial role in this growth. Today, a high-quality smartphone can be purchased for as little as ₹10,000, providing access to various apps and OTT platforms. This accessibility allows users to enjoy content at their convenience.

Additionally, cheaper data packages have made internet access more affordable, further promoting the use of OTT services. This combination of factors has made India a vibrant and rapidly expanding market for digital content.

The launch of Jio with its ₹99 package in 2016 was a transformative moment for India's digital landscape. This package offered a generous amount of data along with free voice calls, making internet access more affordable and widespread. The availability of faster broadband and cellular data connectivity significantly boosted the use of OTT platforms, allowing users to stream and download content seamlessly.

The OTT landscape in India, however, began to take shape well before the arrival of global giants like Netflix and Amazon Prime. The initial wave was driven

by local players. For instance, Ditto TV, launched in 2012 by Zee Entertainment, was one of the earliest attempts to provide streaming services in India. Eros Now, extending Eros International's reach, and Hotstar, introduced by Star India, further established the groundwork for OTT in India. Viacom's Voot, Balaji Telefilms' Alt Balaji, and Sony's Sony Liv also contributed to this growing sector, each offering unique content and services.

The entry of Netflix and Amazon Prime brought a new dimension to the Indian OTT market. Within a year of each other, these global streaming giants introduced a vast array of international content and set high standards for digital streaming. Their arrival not only intensified competition but also diversified content offerings, making high-quality international and original programming accessible to Indian audiences.

This evolution of OTT platforms is closely tied to the concept of the cultural economy. Cultural products—such as films, music, and art—are monetized and distributed through these platforms, generating economic benefits while also enriching the cultural landscape. OTT platforms, by leveraging digital distribution channels, have become a significant player in this cultural economy, providing a direct pathway for content creators to reach their audiences.

India's OTT market has been growing rapidly, driven by several interrelated factors. Economic advancements, technological progress, and improvements in infrastructure have all contributed to the increased internet usage and accessibility of digital content. The affordability of smartphones has played a crucial role, as the availability of inexpensive devices has made it easier for people to access OTT platforms. Additionally, the reduction in data costs has made streaming services more accessible to a larger segment of the population.

According to a report by PwC, India is set to be among the top 10 OTT markets globally. This projection reflects the country's rapidly expanding digital audience and the competitive nature of its OTT sector. The competition among local and international players has led to a rich variety of content, with platforms investing heavily in original programming and catering to diverse viewer preferences.

The rise of OTT platforms represents a significant shift in the way content is consumed and monetized, reflecting broader trends in the cultural economy. As technology continues to evolve and consumer behaviors shift, the OTT industry

in India and worldwide will likely keep adapting and expanding, reshaping the media landscape in the process.

The rise of OTT platforms in India has been notable, with significant milestones marking its progress. The journey can be traced back to 2012 with the launch of Ditto TV by Zee Entertainment. This platform laid the groundwork for digital streaming in India. Following Ditto TV, Eros International entered the OTT space with Eros Now. Launched to provide on-demand entertainment, Eros Now quickly established itself as a prominent player. By offering a vast collection of premium Indian films and music, including over 5,000 movies and 250,000 audio tracks from various Indian music labels, Eros Now catered to a diverse audience. The platform grew rapidly, reaching 13 million paid subscribers and 128 million registered users worldwide by September 2018. This impressive growth signaled a promising future for OTT in India.

Eros Now's success extended beyond Indian borders. It became the first South Asian OTT platform to enter the Chinese digital market, a notable achievement given China's strict regulations on foreign apps and content.

Before the rise of dedicated OTT platforms, YouTube was a significant player in the video-on-demand landscape. Created in 2005, YouTube allowed users to rent films and watch videos on demand, making it a popular choice for Indian viewers seeking digital content.

The OTT landscape expanded further with the launch of Hotstar in 2015. Owned by Novi Digital Entertainment, a subsidiary of Star India and fully owned by The Walt Disney Company, Hotstar—now branded Disney+ Hotstar—targeted young adults with high-quality curated content. It also incorporated targeted advertising, distinguishing itself from YouTube. Hotstar's strategic approach, including its diverse content in 17 languages and ad-supported model, helped it secure a leading position in the Indian market with over 150 million users at the time.

These developments illustrate the dynamic growth and competition in the OTT sector in India, with platforms continually evolving to meet consumer demands and preferences.

In 2019, Hotstar—now Disney+ Hotstar—made headlines by securing exclusive digital rights to major global events, underscoring its growing influence in the

OTT landscape. The platform acquired the streaming rights for the final season of the globally popular series Game of Thrones, significantly boosting its profile. Additionally, Hotstar obtained the rights to stream the 2019 Cricket World Cup, a high-profile event of immense significance in South Asia, often compared in scale to major global sports events like the Super Bowl or FIFA World Cup. These strategic acquisitions highlighted Hotstar's commitment to catering to both global and regional audiences, enhancing its competitive edge in the market.

The rise of digital media in India has been remarkable. A report by the Federation of Indian Chambers of Commerce and Industry in 2018 indicated that the digital media market grew substantially, with an increase from 29.4% in 2017 to 28.8% in 2018, reflecting nearly a 50% growth in the sector. Several factors contributed to this surge.

Firstly, the increase in Internet usage across India has been a key driver. The number of Internet users has skyrocketed, growing fivefold, which has significantly expanded access to digital content. This surge in Internet users has been complemented by the aggressive expansion of telecom services, particularly through the entry of companies like Jio in September 2016. Jio's launch disrupted the telecom sector by offering lower data prices and wider geographic coverage, making the Internet more accessible to a larger portion of the population, including those in rural and semi-urban areas.

The Digital India initiative, launched in 2015, further accelerated this growth. The initiative aimed to enhance connectivity across the country, bridging gaps between urban and rural areas and improving access to digital services. This initiative has played a crucial role in integrating digital technology into everyday life, contributing to the growth of digital media consumption.

Additionally, the time spent by Indians on video and entertainment apps saw a dramatic rise, increasing by 85% in 2017 compared to the previous year, according to research by App Annie. This significant increase in engagement highlights the growing appetite for digital content.

The booming e-commerce market has also played a significant role in this digital transformation. Major e-commerce platforms such as Flipkart, founded in 2007, and Amazon, a formidable competitor, have expanded the range of online services available to consumers. Other notable players include Myntra, which

was acquired by Flipkart in 2014, and Snapdeal, which has also been integrated into Flipkart. These platforms have been instrumental in shaping the broader digital economy.

Moreover, the proliferation of app-based services in various sectors, such as transportation with Ola and Uber, fashion with Nykaa, retail with Big Bazaar, and food delivery with Swiggy, has further embedded digital technology into daily life. Initially, services like Big Bazaar did not have dedicated apps, but the rise of app-based services across industries has significantly contributed to the growth of digital media consumption.

In summary, the confluence of increased Internet access, telecom advancements, digital initiatives, and the expansion of e-commerce and app-based services has profoundly shaped the OTT and digital media landscape in India, driving its remarkable growth and establishing it as a key player in the global digital economy.

Big Bazaar, initially a large retail store similar to a mall, offered a wide range of products including groceries, cosmetics, and clothing. It operated as a one-stop shop but did not have an app at first. However, in response to the growing e-commerce market, Big Bazaar eventually developed its own app to stay competitive.

OTT platforms have increasingly collaborated with e-commerce portals as a marketing strategy. For example, during the cricket season, Netflix and Amazon Prime might offer subscription discounts or rebates through partnerships with services like Swiggy or Zomato, enhancing their appeal while promoting each other.

This collaboration is part of what's known as the India streaming wars, marked by the entrance of major players like Netflix and Amazon Prime Video. These platforms have not only expanded their presence in India but also begun producing original content, such as Netflix Originals and Amazon Originals. Amazon, which initially entered India in 2013 as an e-commerce company, introduced a subscription model that combined shopping with streaming services. This included a \$9.99 or \$14.99 plan offering benefits such as free shipping and one-day delivery in major cities like Delhi, Bangalore, and Chennai.

Netflix launched in India in January 2016 with a pricing strategy aimed at fostering customer loyalty through features like one-day delivery and early access to sales. The company also leveraged promotional events, such as giving early access to big billion sales.

Gaurav Gandhi, Chief Operating Officer of Viacom Digital, has noted that the competitive pricing and features offered by Netflix and Amazon Prime Video are disruptive to traditional media houses. Viacom, lacking an e-commerce arm, faces challenges competing with these OTT giants. In response, Amazon introduced its streaming device, the Fire TV Stick, to complement its Prime membership, integrating both e-commerce and streaming services.

India's role in the OTT landscape has been significant. Amazon Prime Video, initially launched in five countries—United States, UK, Germany, Japan, and India—reflects the importance of the Indian market due to its large population. Netflix views India as a crucial market, noting its strong internet infrastructure and high growth potential compared to other Asian markets.

Currently, Netflix and Amazon Prime compete against nearly 30 Indian streaming platforms, which often offer popular sports and regional language programs for free. These local platforms leverage free content to attract viewers, creating a competitive environment for paid services.

OTT platforms have established that local content is crucial. The language barrier has diminished as regional content gains popularity and becomes available with dubbing or subtitles in multiple languages. For instance, the Telugu show Rana Naidu was not only successful in its original language but also gained additional viewers through its Hindi version.

The release of Rana Naidu in Hindi had significant benefits. It allowed viewers in the North Indian belt, who might not be fluent in Telugu but understand Hindi, to access the show. For example, while many people in rural Bengal may not understand Hindi, those in urban areas do. Therefore, offering the show in Hindi made it accessible to a wider audience, including regions like Bengal.

The long-term impact of Netflix and Amazon Prime entering the Indian cinema ecosystem is evident in the content market. According to industry analysts like

Gaurav Gandhi, these platforms are investing millions of dollars to develop Indian films and series, positioning India as a key growth market for original content.

Amazon was the first to launch an Indian original series, *Inside Edge*, in 2017. This drama about professional cricket marked the beginning of Amazon Originals in India. Netflix followed with *Sacred Games*, a highly popular series that contributed to the rise of original content in India. Since then, other formats like workplace sitcoms, musical reality shows, and comedy programs have also emerged.

Netflix and Amazon Prime realized that despite their extensive international libraries, local content is crucial in India. They understood that their global content alone wouldn't resonate as well in the Indian market. Thus, they adapted by focusing on high-quality local productions. Netflix aims to produce five to six Indian originals each year, betting that Indian viewers will prefer these shows over local TV dramas known for broad storylines and lower production values.

For instance, Netflix's *Farzi* deals with a universally relatable issue—black marketing. The show follows a struggling artist who turns to counterfeiting out of desperation. This broader storyline, although set in a local context, has a universal appeal and highlights the platform's focus on high-quality, engaging content.

OTT platforms like Netflix and Amazon are prioritizing local and regional content, both through licensing and in-house production. Netflix partnered with acclaimed filmmaker Anurag Kashyap's Phantom Films to create *Sacred Games*, which premiered in 2018 and was followed by a successful second season in August 2020.

Amazon Prime Video has also invested significantly in the Indian market, earmarking ₹2,000 crore for acquiring and producing content. This investment reflects Amazon's response to Netflix's success, aiming to build a competitive library of both international and Indian content.

Moreover, both platforms are leveraging their investments by securing rights to major Bollywood stars. Amazon obtained rights to Salman Khan and Aamir Khan's films, such as *Thugs of Hindostan*, while Netflix secured Shahrukh Khan's films. This competition for high-profile content highlights the intense rivalry

between Netflix and Amazon Prime as they vie for dominance in the Indian market. The entry of Netflix and Amazon Prime into India has significantly influenced the content landscape, driving both platforms to focus on high-quality local content and invest heavily in the market. Their competition and strategic moves underscore the importance of India as a major player in the global OTT ecosystem.